

## Message Text

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ORIGIN EB-11

INFO OCT-01 ARA-16 ISO-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 /093 R

DRAFTED BY EB/OT/GCP:CLAY BLACK

APPROVED BY EB/OT/GCP:JO'MAHONY

ARA/NC/VE;MFORRESTER

EB/ORF/ICD:NHERRINGER

TRESURY - M RYSS

COMMERCE:AMACONE

----- 056961

R 121323Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

LIMITED OFFICIAL USE STATE 074637

E.O. 11652: N/A

TAGS: ETRD, PFOR, VE

SUBJECT: EVALUATION OF STATISTICAL INFORMATION ON  
TERMS OF TRADE

REF: CARACAS 2715

1. EMBASSY IN REFTEL REQUESTED STATISTICAL INFORMATION  
TO SHOW TRUE SITUATION OF TERMS OF TRADE BETWEEN  
INDUSTRIALIZED AND DEVELOPING COUNTRIES. COMPARING  
STATISTICS AND PRICE INDICES ON MANUFACTURED GOODS  
AND VARIOUS RAW MATERIALS AND COMMODITIES TRADED BY  
INDUSTRIALIZED AND DEVELOPING COUNTRIES GENERALLY CANNOT  
GIVE A CLEAR OR ACCURATE PICTURE OF TERMS OF TRADE EVEN  
BETWEEN TWO COUNTRIES. TERMS OF TRADE MEASUREMENTS  
ARE NOTORIOUSLY DEFICIENT. ARGUMENTS OVER THEIR USE-  
FULNESS AND VALIDITY HAVE BEEN GOING ON FOR MANY YEARS  
IN FORUMS LIKE THE UNCTAD, BUT DESPITE THEIR QUESTIONABLE  
BASIS, TERMS OF TRADE ARGUMENTS WILL CONTINUE TO BE  
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USED WHEN THEY SUPPORT POLITICAL ARGUMENTS. AS YOU  
SURMISE, WASHINGTON AGENCIES HAVE BEEN GATHERING

TOGETHER INFORMATION ON THIS SUBJECT FOR THE UNGA SPECIAL SESSION. WE ARE AIR POUCHING TO YOU THREE PAPERS DEALING WITH TERMS OF TRADE TRENDS IN COMMODITY PRICES, AND TERMS OF TRADE INDICATORS. THE EMBASSY MAY AT ITS DISCRETION DRAW UPON THESE PAPERS TO DISCUSS THE PROBLEMS OF TERMS OF TRADE ANALYSIS WITH ECONOMISTS

AND OTHER OFFICIALS AT THE POLICY LEVEL IN THE VENEZUELAN GOVERNMENT.

2. ASIDE FROM QUESTIONS OF STATISTICAL VALIDITY, THE TERMS OF TRADE INDEXES PUBLISHED BY THE UN OR COMMONLY COMPUTED FROM UN EXPORT UNIT VALUE AND EXPORT PRICE INDEXES DO NOT SUPPORT MANY OF THE EXTREME STATEMENTS OFTEN MADE IN THE HEAT OF DEBATE REGARDING THE PLIGHT OF LDCS. IN ADDITION, THEY INDICATE THAT DURING 1972 AND UP THROUGH THE THIRD QUARTER OF 1973 (LATEST DATA AVAILABLE), THE TERMS OF TRADE INDICATORS, FOR WHAT THEY ARE WORTH, WERE TURNING IN FAVOR OF THE LDC'S. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LESS DEVELOPED COUNTRIES, FOREIGN TRADE, EXPORT PRICES, IMPORT PRICES, TRADE DATA  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 APR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE074637  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** CLAY BLACK  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740085-0365  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740445/aaaaboot.tel  
**Line Count:** 81  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN EB  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
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**Review Date:** 23 SEP 2002  
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**Secure:** OPEN  
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**TAGS:** ETRD, PFOR, VE  
**To:** CARACAS  
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